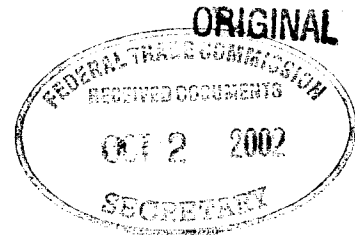




Bell Brothers Oil Company, Inc.

PO. BOX 238 • COALVILLE, UT. 84017-0238 • (435) 336-4411 • FAX: (435) 336-4414



September 25, 2002

FTC

Office of the Secretary
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580

RE: Conoco / Phillips Merger

Dear FTC,

Allowing Phillips to divest of its refining and marketing in the Salt Lake City area is a BIG MISTAKE!! While I assume that you have already made the decision there are a number of issues and concerns that you could act on that would help to mitigate what will otherwise turn out to be a BIG MISTAKE.

Our company is a multi branded jobber operating in the Salt Lake City area under Sinclair, Phillips 66, Amoco (until recently), and Chevron. The market place in ~~this~~ area has been hit especially hard as of late due to the following significant changes:

- BP bought Amoco, pulled the Amoco brand from Utah, and sold Utah assets to Tesoro
- Tesoro is in financial trouble and not recognized as a major brand in Utah
- Phillips 66 wants out of the Utah area.
- Big Box stores and hypermarkets have recently entered the Utah fuel market.
- Only one major oil company with significant market presence remains - Chevron.
- Other major brands are not significant enough in the market to be recognized.
- Supply and distribution of products in the area does not allow other major oil competitors into the market.

In a recent meeting that I attended with about 25 jobber business's represented I listened to the following concerns:

- Chevron completely controls the market with little competition except the un-branded portion sold by hypermarkets and big box stores. Chevron supports its branded locations to retain a certain percentage of market place from the hypermarkets.
- Sinclair is a mid level sized company and does not have the ability to price support long term. During the past year Sinclair has not been willing to provide ample needed assistance against the hypermarkets. For several years now Sinclair has always followed Chevron price moves on any rack pricing. Sinclair never leads the pricing.
- Conoco is primarily concerned about the amount of fuel it moves through Smiths (big box).
- Tesoro would like to get established but has fallen on hard financial times.
- The only company that has been competing with Chevron head to head has been Phillips 66. Divestiture of the assets to a smaller company will eliminate that level of competition.
- Jobbers including ourselves have been severely restricted lately on who they have an option to brand locations with - if they have an option at all.

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What I perceive that is happening in the Salt Lake area is that as the competition at the supply end is reduced or eliminated, the competition at the consumer retail end is also reduced and eliminated. Jobbers like myself are rapidly falling to attrition. Without intervention there will be far fewer competitors to keep the street prices competitive for consumers.

The FTC can make a difference!

Please consider some of the following requests with regards to the Phillips/Conoco merger:

- Require that the new Phillips/Conoco company allow the Phillips brand and credit card programs to remain at no cost to the new buyer in the market place for 25 years.
- Require the new Phillips/Conoco company to continue with national advertising to support the brand in the Salt Lake area at no cost to the new buyer.
- Require the new Phillips/Conoco company to participate to some extent in required updates of the Salt Lake Phillips refinery to ensure that the new buyer does not mothball it.
- Don't allow jobber contracts that require monies to be paid back if the jobber leaves the brand early to be assignable unless the jobber is allowed to leave the brand without penalty.
- Limit Phillips/Conoco to bringing additional fuel to the area through the Conoco brand. Without limitations the new buyer could be eliminated in a few years.
- Phillips/Conoco should have some reasonable amount of money escrowed that could be tapped to ensure the survival of the new buyer in the marketplace and their ability to provide sufficient price support so as not lose all of the jobbers. If Phillips/Conoco has a long term potential liability they will be much more concerned about the ability of the new buyer to operate the Phillips brand successfully in the marketplace.

Anything that you can do to facilitate keeping competitors in the market place rather than eliminating them will help. I don't want the oil business to go the way of the airline industry to where there are few players and they operate so inefficiently that they plead for the government to bail them out every year. Competition is the only thing that can keep a business lean and mean.

Sincerely,



David Bell
Owner